

KUGKAKTLIK LIMITED

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June 12, 2009

David Lockard, Project Manager
Alaska Energy Authority
813 W. Northern Light Blvd.
Anchorage, Alaska 99503

Re: Primary Operator Request

Dear Mr. Lockard;

It has been suggested, perhaps determined, Kugkaktlik Limited (Corporation) be the Primary Operator for the Kipnuk Bulk Fuel Facility, as such the Corporation is afforded the right to refuse the responsibility, liability and possible additional cost of administration. We had not known several months ago the Corporation was to be designated the Primary Operator for the Kipnuk Bulk Fuel Facility when furnishing to AEA resolution no. 07-01 and 07-02. It has been the Corporation's stance from the beginning the bulk tanks be located west of the village of Kipnuk where the facility wouldn't be in an area prone to flooding, however, our concerns and comments regarding the proposed location have long been disregarded by Kipnuk Traditional Council and Alaska Energy Authority.

Kugkaktlik Limited welcomes the Kipnuk Bulk Fuel Facility Project and is willing to be the Primary Operator for the Kipnuk Bulk Fuel Facility. However, if the Corporation is to be designated the role of Primary Operator our concern about the location, where the facility would be prone to flooding, cannot be disregarded. Ultimately, the community will own the facility and has to take care of Operation & Maintenance and Renewal & Replacement. Placing the burden of additional maintenance cost to community residents is not taken lightly by the corporation, and it is in their best interests we have concerns on the planned location of the facility. The highest fuel rates are in remote, isolated villages such as Kipnuk. Further, high unemployment rates and transfer payments are already the "norm" in a community such as ours. Any additional cost to maintain the facility would have to be placed on the residents which use the facility, a hardship unnecessarily placed when a more suitable location is available.

Soil samples have already been collected for a 300 foot communication tower, which is within relative close proximity to the site the corporation favors for the facility. Duane Miller & Associates has these samples, which can be obtained and used as a preliminary site analysis for the facility before a site-specific soil sampling is done.

Again, the Corporation has the final decision whether to be the Primary Operator for the facility. If the location of the facility is not favorable we can choose to walk away and have one of the other two parties; the Kipnuk Traditional Council or the Lower Kuskokwim School District be the Primary Operators. Since the Corporation has been selected Primary Operator by the other two parties to this facility, we are again requesting Alaska Energy Authority seriously consider our concern and reevaluate the location of the bulk fuel facility.

Sincerely,
Kugkaktlik Limited



Carl Dock, President

Cc: Steve Haagenson & Kris Noonan - AIDEA, George Cannelos - Denali Commission